IN THE CLAIMS:

This listing of claims will replace all prior versions, and listings, of claims in the application:

1. (Currently Amended) A method for managing investment portfolios using a computer, the method comprising:

identifying ~~at least one~~ a plurality of investment portfolio ~~security~~ securities to be sold in connection with a rebalancing of the investment portfolio based on a difference between securities in the investment portfolio and a target portfolio;

randomly allocating, using the computer, ~~the at least one investment portfolio security~~ the plurality of investment portfolio securities to at least one of a plurality of tax lots associated with ~~the at least one investment portfolio security~~ the plurality of investment portfolio securities to be sold, wherein the plurality of securities to be sold are allocated to at least one tax lot associated with the securities to be sold based on at least one allocation strategy selected from the group consisting of: allocating the securities to be sold beginning with an earlier tax lot of a plurality of tax lots and proceeding to a later tax lot; and allocating the securities to be sold beginning with a tax lot of a plurality of tax lots having a higher cost basis and proceeding to a tax lot with a lower cost basis;

computing, with the computer, an implied total short-term capital gain or loss that would result from the sale of ~~the at least one investment security~~ the plurality of investment portfolio securities from the at least one tax lot; and

rebalancing, using the computer, the investment portfolio if any of the short-term capital gain or loss, which would result from the rebalancing of the investment portfolio, falls within a threshold for short-term capital gains or losses, and not rebalancing the investment portfolio if any of the short-term capital gain or loss does not fall within the threshold.

2. (Original) The method of claim 1, wherein the at least one security to be sold is identified based on a difference between securities in the investment portfolio and a target portfolio.

3. (Cancelled)

4. (Cancelled)

5. (Cancelled)

6. (Cancelled)

7. (Currently Amended) The method of ~~claim 5~~ claim 1, wherein the plurality of securities to be sold are allocated randomly to a plurality of tax lots.

8. (Previously Presented) The method of claim 1, comprising:

identifying a plurality of securities to be sold in connection with the rebalancing of the investment portfolio based on a difference between securities in the investment portfolio and a target portfolio, the plurality of securities identified by allocating randomly, a plurality of times, the securities to be sold to a plurality of tax lots associated with the securities to be sold,

computing an implied total short-term capital gain or loss that would result from the sale of the plurality of securities to be sold in accordance with each of the random allocations, and

selecting from the plurality of random allocations one of the allocation that results in the smallest implied short-term capital gain or loss, and the allocation that most closely matches a pre-set targeted short-term capital gain or loss.

9. (Previously Presented) The method of claim 1, comprising rebalancing the investment portfolio if a total short-term capital gain or loss for the year, which would result from the rebalancing of the investment portfolio, falls within a threshold for short-term capital gains or losses, and not rebalancing the investment portfolio if the total short-term capital gain or loss for the year does not fall within the threshold.

10. (Previously Presented) The method of claim 9, wherein the threshold for short-term capital gains or losses is about 2% of the value of investment portfolio's assets.

11. (Previously Presented) The method of claim 9, wherein the threshold for short-term capital gains or losses is defined by an investor.

12. (Previously Presented) A method for managing investment portfolios using a computer, the method comprising:

determining, using the computer, a difference between securities in the investment portfolio and a target portfolio;

identifying, with the computer, a plurality of securities to be sold based on the determined difference;

allocating randomly, using the computer, a plurality of times, the securities to be sold to a plurality of tax lots associated with the securities to be sold;

computing, with the computer, an implied total short-term capital gain or loss that would result from the sale of the plurality of securities to be sold in accordance with each of the random allocations;

selecting, by the computer, from the plurality of random allocations the allocation that results in the smallest implied short-term capital gain or loss; and

rebalancing, by the computer, the investment portfolio if any of the implied short-term capital gain or loss for the selected random allocation falls within a threshold for short-term capital gains or losses, and not rebalancing the investment portfolio if any of the short-term capital gain or loss does not fall within the threshold.

13. (Currently Amended) A system for managing investment portfolios comprising at least one computing device having software associated therewith that when executed performs a method comprising:

identifying ~~at least one investment portfolio security~~ a plurality of investment securities to be sold in connection with a rebalancing of the investment portfolio based on a difference between securities in the investment portfolio and a target portfolio;

randomly allocating ~~the at least one investment portfolio security~~ the plurality of investment securities to at least one of a plurality of tax lots associated with ~~the at least one investment portfolio security~~ the plurality of investment portfolio securities to be sold, wherein the plurality of securities to be sold are allocated to at least one tax lot associated with the securities to be sold based on at least one allocation strategy selected from the group consisting of: allocating the securities to be sold beginning with an earlier tax lot of a plurality of tax lots and proceeding to a later tax lot; and allocating the securities to be sold beginning with a tax lot of a plurality of tax lots having a higher cost basis and proceeding to a tax lot with a lower cost basis;

computing an implied total short-term capital gain or loss that would result from the sale of ~~the at least one investment security~~ the plurality of investment portfolio securities from the at least one tax lot; and

rebalancing the investment portfolio if the short-term capital gain or loss, which would result from the rebalancing of the investment portfolio, falls within a threshold for short-term capital gains or losses, and not rebalancing the investment portfolio if the short-term capital gain or loss does not fall within the threshold.

14. (Cancelled)

15. (Cancelled)

16. (Cancelled)

17. (Currently Amended) The system of ~~claim 15~~ claim 13, wherein the plurality of securities to be sold are allocated randomly to a plurality of tax lots.

18. (Previously Presented) The system of claim 13, wherein the method comprises:

identifying a plurality of securities to be sold in connection with the rebalancing of the investment portfolio based on a difference between securities in the investment portfolio and a target portfolio, the plurality of securities identified by allocating randomly, a plurality of times, the securities to be sold to a plurality of tax lots associated with the securities to be sold,

computing an implied total short-term capital gain or loss that would result from the sale of the plurality of securities to be sold in accordance with each of the random allocations, and

selecting from the plurality of random allocations the allocation that results in the smallest implied short-term capital gain or loss.

19. (Previously Presented) The system of claim 13, wherein the method comprises rebalancing the investment portfolio if a total short-term capital gain or loss for the year, which would result from the rebalancing of the investment portfolio, falls with a threshold for

short-term capital gains or losses, and not rebalancing the investment portfolio if the total short-term capital gain or loss for the year does not fall within the threshold.

20. (Original) The system of claim 13, wherein the threshold for short-term capital gains or losses is about 2% of the value of investment portfolio's assets.

21. (Original) The system of claim 13, wherein the threshold for short-term capital gains or losses is defined by an investor.

22. (Currently Amended) A system for managing investment portfolios comprising at least one computing device having software associated therewith that when executed performs a method comprising:

determining a difference between securities in the investment portfolio and a target portfolio;

identifying a plurality of securities to be sold based on the determined difference;

allocating randomly, a plurality of times, the securities to be sold to a plurality of tax lots associated with the securities to be sold, wherein the plurality of securities to be sold are allocated to the plurality of tax lots associated with the securities to be sold based on at least one allocation strategy selected from the group consisting of: allocating the securities to be sold beginning with an earlier tax lot of a plurality of tax lots and proceeding to a later tax lot; and allocating the securities to be sold beginning with a tax lot of a plurality of tax lots having a higher cost basis and proceeding to a tax lot with a lower cost basis;

computing an implied total short-term capital gain or loss that would result from the sale of the plurality of securities to be sold in accordance with each of the random allocations;

selecting from the plurality of random allocations the allocation that results in the smallest implied short-term capital gain or loss; and

rebalancing the investment portfolio if the implied short-term capital gain or loss for the selected random allocation falls within a threshold for short-term capital gains or losses, and not rebalancing the investment portfolio if the implied short-term capital gain or loss does not fall within the threshold.

23. (Previously Presented) The method of claim 1, wherein the short-term capital gain or losses which would result from the rebalancing of the investment portfolio is computed as a

sum of the short-term gain or losses of each of the at least one investment portfolio security to be sold in connection with a rebalancing of the investment portfolio.

24. (Previously Presented) The system of claim 13, wherein the short-term capital gain or losses which would result from the rebalancing of the investment portfolio is computed as a sum of the short-term gain or losses of each of the at least one investment portfolio security to be sold in connection with a rebalancing of the investment portfolio.